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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

For Quarter Ended May 31, 1992 Commission File No. 03362

SI HANDLING SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

vania (State . s jurisdiction of incorpo..ation or organization)	22-1643428 (I.R.S. Employer Identification No.)
Kesslersville Road, P. O. Box 70, Easton, PA (Address of principal executive offices)	18044-0070 (Zip Code)

Registrant's telephone number: 215-252-7321

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Number of shares of common stock, par value $1.00 per share, outstanding as of May 31, 1992: 1,622,829.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements
SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Balance Sheets
(in thousands, except share data)

ASSETS	May 31, 1992	March 1, 1992
Current assets:		
Cash and cash equivalents, principally time deposits	$ 2,875	4,861
Receivables:		
Trade	3,687	3,504
Notes and other receivables	50	37
Total receivables	3,737	3,541
Costs and estimated earnings in excess of billings	1,591	1,290
Inventories:		
Raw materials	1,770	710
Finished goods and work in process	1,526	841
Total inventories	3,296	1,551
Deferred income tax benefits	275	275
Prepaid expenses and other current assets	400	304
Total current assets	12,174	11,822
Property, plant and equipment, at cost:		
Land	27	27
Buildings and improvements	3,227	3,227
Machinery and equipment	3,418	3,312
	6,672	6,566
Less accumulated depreciation	4,897	4,789
Net property, plant and equipment	1,775	1,777
Deferred income tax benefits	91	91
Other assets, at cost less accumulated amortization of $148 in 1993 and $136 in 1992	298	255
Total assets	$14,338	13,945

See accompanying notes to consolidated financial statements.

Item 1. Financial Statements (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Balance Sheets
(in thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	May 31, 1992	March 1, 1992
Current liabilities:		
Current installments of long-term debt	$ 1,018	365
Accounts payable	1,585	1,448
Customers' deposits and billings in excess of costs and estimated earnings	1,972	2,377
Accrued salaries, wages, and commissions	602	296
Income taxes payable	282	719
Accrued royalties payable	205	629
Accrued other liabilities	824	862
Total current liabilities	6,488	6,696
Long-term liabilities:		
Long-term debt, excluding current installments:		
Mortgages payable	126	131
Total long-term debt	126	131
Excess of acquired net assets over cost, less accumulated amortization of $25 in 1993	475	-
Deferred compensation	16	13
Total long-term liabilities	617	144
Stockholders' equity:		
Common stock, $1 par value; authorized 5,000,000 shares; issued 1,679,134 shares in 1993 and 1992	1,679	1,679
Additional paid-in capital	4,525	4,525
Retained earnings	1,374	1,246
	7,578	7,450
Less treasury stock, at cost (58,305 shares in 1993 and 1992)	(345)	(345)
Total stockholders' equity	7,233	7,105
Total liabilities and stockholders' equity	$14,338	13,945

See accompanying notes to consolidated financial statements.

Item 1. Financial Statements (Continued)

SI HANDLING SYSTEMS, INC. and Subsidiary

Consolidated Statements of Operations

(in thousands, except per share data)

	3 Months ended May 31, 1992	3 Months ended June 2, 1991
Net sales	$7,476	4,428
Cost of sales	5,401	3,270
Gross profit on sales	2,075	1,158
Selling, general, and administrative expenses	1,548	1,111
Product development costs	134	104
Interest expense	28	21
Interest income	(44)	(195)
Other expense (income), net	5	(4)
	1,671	1,037
Earnings from operations before income taxes	404	121
Income taxes	113	-
Net earnings	$ 291	121
Net earnings per common share and common share equivalent*	$ .18	.07
Dividends per share	$ .10	-

*On October 9, 1991, the Board of Directors declared a 10% stock dividend payable on November 4, 1991 to stockholders of record on October 21, 1991. Earnings per share for all periods presented reflect the 10% stock dividend and are based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options and warrants which were 1,658,000 and 1,621,000, respectively, at May 31, 1992 and June 2, 1991.

See accompanying notes to consolidated financial statements.

tem 1. Financial Statements (Continued)
I HANDLING SYSTEMS, INC. and Subsidiary
onsolidated Statements of Cash Flows
in thousands)

	Three Months Ended May 31, 1992	Three Months Ended June 2, 1991
ash flows from operating activities:		
Net earnings	$ 291	121
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation of plant and equipment	108	112
Amortization of intangibles and deferred costs	(13)	11
Changes in operating assets and liabilities, net of effects of purchase accounting adjustments related to purchase of SI Systems, Inc.:		
Receivables	2,622	(1,061)
Costs and estimated earnings in excess of billings	(199)	258
Inventories	86	(26)
Prepaid expenses and other current assets	28	(38)
Accounts payable	(667)	93
Customers' deposits and billings in excess of costs and estimated earnings	(919)	(694)
Accrued salaries, wages, and commissions	15	23
Income taxes payable	(437)	-
Accrued royalties payable	(424)	34
Accrued other liabilities	(443)	126
Deferred compensation	3	-
Net cash provided (used) by operating activities	51	(1,041)
Cash flows from investing activities:		
Additions to property, plant and equipment	(108)	(76)
Additions to intangibles	(56)	-
Acquisition of SI Systems, Inc., net of cash acquired	(996)	-
Net cash used in investing activities	(1,158)	(76)
Cash flows from financing activities:		
Repayment of long-term debt, including current portion	(879)	(24)
Net cash used in financing activities	(879)	(24)
Increase (decrease) in cash and cash equivalents	(1,986)	(1,141)
Cash and cash equivalents, beginning of year	4,861	3,729
Cash and cash equivalents, end of quarter	$2,875	2,588
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	$ 76	20
Income taxes	$ 550	-

Item 1. Financial Statements (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary
Consolidated Statements of Cash Flows (Continued)
(in thousands)

	Three Months Ended May 31, 1992	Three Months Ended June 2, 1991
Supplemental disclosures of noncash financing and investing activities:		
Issuance of note for acquisition of SI Systems, Inc.	$1,000	-----
Excess of acquired net assets over cost related to acquisition of SI Systems, Inc.	$ 500	-----
Cash dividends declared in May but payable in June	$ 163	-----

See accompanying notes to consolidated financial statements.

Item 1. Financial Statements (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary
Notes to Consolidated Financial Statements
Three Months ended May 31, 1992 and June 2, 1991

(1) The information contained in this 10-Q report is unaudited and is subject to year-end adjustments and audit. However, in the opinion of management, the interim financial statements furnished reflect all adjustments and accruals which are necessary to a fair statement of results for the interim periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources - $(000's)

The Company's cash and cash equivalents decreased to $2,875 during the first quarter of fiscal 1993 from $4,861 at the end of fiscal 1992. The decrease resulted from the repayment of long-term debt of $879, purchases of property, plant and equipment of $106, the acquisition of SI Systems, Inc., net of cash acquired for $996, and the addition of intangibles for $56. Partially offsetting the decrease in cash and cash equivalents was $51 in cash provided by operating activities. Funds used in operating activities during the first quarter of fiscal 1992 were $1,041.

On March 31, 1992, the Company concluded the acquisition of all of the outstanding capital stock of BT Systems, Inc., a U.S. Corporation from its Swedish parent company, BT Systems AB. The purchase price was $2,000 with SI Handling delivering to BT Systems AB $1,000 in cash and a $1,000 note bearing interest at 6% per annum, payable one year from the closing date. To guarantee payment of the note, SI Handling delivered to BT Systems AB an Irrevocable Letter of Credit in the amount of $1,000 plus one year's interest at $60. The acquisition is accounted for as a purchase.

Although the cash balance was reduced, the Company anticipates that its financial resources, consisting of its existing cash balance together with expected cash flow and the available line of credit, which was renewed and increased to $4,000 through July 15, 1993, will satisfy its operating requirements in the foreseeable future.

The Company continues to consider expansion opportunities as they arise, although ongoing operating results of the Company, the economics of the expansion, and the circumstances justifying the expansion will be key factors in determining the amount of resources the Company will devote to further expansion.

Results of Operations - $(000's)

Three Months Ended May 31, 1992 vs. Three Months Ended June 2, 1991.

On March 31, 1992, the Company concluded the acquisition of all of the outstanding capital stock of BT Systems, Inc., a U.S. Corporation, from its Swedish parent company, BT Systems AB. BT Systems, Inc., renamed as SI Systems, Inc. and operating as a wholly owned subsidiary of SI Handling, is North America's largest supplier of Automated Guided Vehicle Systems (AGVS). First quarter results for the current fiscal year include the operations of SI Systems, Inc.

Consolidated sales of $7,476 for the first quarter of fiscal 1993 increased 69% compared to the first quarter of fiscal 1992. SI Handling's product sales increased 12% ($530) and SI Systems' product sales contributed 57% ($2,518) of the sales increase over the comparable prior year period. The sales increase in fiscal 1993 related to SI Handling's product sales is associated with a larger backlog of orders entering fiscal 1993 ($8,170 versus a $6,708 backlog beginning fiscal 1992). The Company has a consolidated backlog of $15,015 at the end of the current fiscal quarter.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary
Results of Operations (Continued)

Gross profit as a percentage of sales was 27.8% for the first quarter of fiscal 1993 compared to 26.2% for the first quarter of fiscal 1992. The increase in the gross profit percentage is primarily attributable to improved gross profit margins in the Company's Cartrac product line which resulted from cost savings and economies of scale from the integration of Cartrac and the acquired Robotrac technology. Partially offsetting the increase are reduced gross profit margins in the Automated Guided Vehicle Systems (AGVS) product line resulting from competitive pressures in the industry.

Selling, general, and administrative expenses of $1,548 were higher by $437 in the first quarter of fiscal 1993 than in the first quarter of fiscal 1992. Although SI Handling's expenses were approximately the same when compared to fiscal 1992, SI Systems' expenses contributed to the increase over the comparable prior year period.

Product development costs were moderately higher in the first quarter of fiscal 1993 than in the comparable fiscal 1992 quarter. During fiscal 1993 and fiscal 1992, the Company concentrated its development efforts on continued enhancements of Order Selection and Cartrac product lines.

The unfavorable variance in interest income during fiscal 1993 is primarily attributable to fiscal 1992 containing interest income from the Internal Revenue Service (IRS) in connection with the final settlement of tax credits relating to the IRS examination of fiscal years 1980 through 1984.

The Company incurred income tax expenses of $113 during the first quarter of fiscal 1993, while the Company did not incur any income tax expense during the first quarter of fiscal 1992 due to the availability of prior year loss carryforwards.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is presently engaged in certain legal proceedings which, in the opinion of the Company counsel, present no significant risk of loss to the Company. See Note 9 of Notes to Consolidated Financial Statements on Form 10-K.

Item 4. Submission of Matters to a vote of Security Holders

The Company's Annual Meeting of Stockholders was held on July 8, 1992 with the following items being submitted to a vote by stockholders:

1. The election of five directors; and

2. Consideration and action upon a proposal to adopt an Incentive Stock Option Plan for key employees.

Details of each proposal noted above were provided to stockholders in the form of a Notice of Annual Meeting and Proxy Statement dated and mailed June 5, 1992, with such solicitation being in accordance with Regulation 14 of Securities and Exchange Act of 1934.

There was no solicitation in opposition to the management's nominees as listed in the Proxy Statement and all management's nominees were elected.

Management's proposal to adopt an Incentive Stock Option Plan for key employees as defined in the proxy solicitation was approved by stockholders with 1,365,042 shares being voted in favor of the proposal, 27,255 shares opposed, and 38,136 shares abstaining.

PART II - OTHER INFORMATION (Continued)
SI HANDLING SYSTEMS, INC. and Subsidiary

Item 5. Other Information

The Board of Directors of the Company declared at its meeting of May 6, 1992, a 10-cent cash dividend which was paid on June 1, 1992 to stockholders of record on May 18, 1992. Directors will continue to review the dividend policy annually at the Company's year-end.

On June 16, 1992 the Company's common stock began trading in the NASDAQ National Market. This entry will provide increased market visibility for the Company's common stock as well as the advantage of multiple market makers competing to offer the best bid and asked prices.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits to be filed in accordance with the provision of Item 7 of Regulation S-K.

Paragraph (4): Instruments defining the rights of security holders. These documents are herein incorporated by reference to Exhibits A, B, and C of Form 10 filed with the Securities and Exchange Commission on December 31, 1968.

Paragraph (11): Statement re computation of per share earnings (see Exhibit A).

b. Reports on Form 8-K.

A Form 8-K was filed on March 24, 1992 and a Form 8-K was also filed on May 26, 1992.

c. Exhibits.

Exhibit A - Statement re Computation of Per Share Earnings

On October 9, 1991, the Board of Directors declared a 10% stock dividend payable on November 4, 1991 to shareholders of record on October 21, 1991. Earnings per share for all periods presented reflect the 10% stock dividend and are based on the weighted average number of shares outstanding and equivalent shares from dilutive stock options and warrants, which were 1,658,000 and 1,621,000, respectively, at May 31, 1992 and June 2, 1991.

SI HANDLING SYSTEMS, INC. and Subsidiary
Signature

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SI HANDLING SYSTEMS, INC.

K. D. Buck

Kenneth D. Buck
Vice President - Human Resources

Dated: 7-14-92